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Message Text

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21 11
ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ISO-00 DRC-01

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19

IO-14 AID-20 CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02

COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 SCEM-02

INT-08 /266 W
---------- 130571
R 010232Z NOV 73
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9383
INFO USINTEREST ALGIERS
AMEMBASSY BEIRUT
RUFHBSXUSEC BRUSSELS 133
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMCONSUL MEDAN
AMEMBASSY SINGAPORE
AMCONSUL SURABAYA
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY TEHRAN
AMEMBASSY VIENNA
OECD PARIS 734

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DEPT PASS EXIM

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E.O. 11652: N/A

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TAGS: ENRG, ID
SUBJ: PETROLEUM: CRUDE OIL EXPORT PRICE INCREASE

REF: JAKARTA 9914

BEGIN UNCLASSIFIED

1. SUMMARY. INDON PRESS REPORTED PERTMAINA PLANS TO INCREASE EXPORT PRICE FOR ALL TYPES CRUDE OIL BY ABOUT 20 PERCENT FROM PRESENT RANGE OF $4.75-$5.06 TO $6 F.O.B. PER BARREL. END

SUMMARY.

2. ON OCT 31 INDON PRESS CARRIED REPORTS BASED ON STATEMENT BY PERTAMINA OFFICIAL (TRISULO, DIRECTOR FOR EXPLORATION AND PRODUCTION) THAT CRUDE OIL F.O. B. PRICE WOULD INCREASE BY OVER 20 PER CENT "EFFECTIVE SHORTLY." PRESS REPORT NOTED THAT INDON CRUDE FROM JAVA AND SUMATRA NOW SELLING AT $4.75 WHILE WEST IRIAN KASIM CRUDE SELLS FOR $5.06 PER BARREL. (REFTEL). END UNCLASSIFIED.

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3. ON OCT 30 GOI DIRECTOR FOR OIL AND GAS (WIJARSO) TOLD EMBOFF PRICE OF ALL TYPES INDON CRUDE WOULD INCREASE TO $6 F.O.B. PER BARREL EFFECTIVE NOV 1. WIJARSO SAID CALTEX, NOW PRODUCING ABOUT 70 PER CENT INDON CRUDE, PROPOSED $5.50 WHILE SOME JAPANESE CUSTOMERS OFFERED AS MUCH AS $6.25 F.O. B. PER BARREL. WIJARSO MENTIONED JAPANESE BUYERS EVIDENTLY BECAME NERVOUS ON LEARNING THAT UNION OIL PLANNED TO SWITCH SALE OF SOME CRUDE FROM JAPAN TO UNITED STATES. WIJARSO ADDED "JAPANESE APPEAR WILLING TO PAY WHATEVER NECESSARY TO KEEP OIL FROM BEING SOLD TO U.S. WEST COAST#.

4. COMMENT. MOST RECENT PRICE INCREASE WILL RESULT IN DOUBLING PRICE OF INDON CRUDE IN 1973 FROM $2.96 IN EFFECT JANUARY TO $6 PER BARREL EFNUCTIVE NOV 1 AND WILL BE THIRD PRICE INCREASE IN EIGHT-MONTH PERIOD ($3.73 APRIL, $4.75 OCT 1 AND $6 NOV 1). PRICE INCREASE, WHICH REPORTEDLY WILL BE ACCOMPANIED BY MUCH SHORTER SALES CONTRACTS
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(SIX MONTHS IN MOST CASES) WITH PRICE ADJUSTMENT CLAUSE, IS REFLECTION OF EXTREMELY STRONG DEMAND FOR INDON LOW SULPHUR CRUDE AND INTENSE JAPANESE INTEREST IN SECURINGMAXIMUM AVAILABLE CRUDE OIL.

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GALBRAITH

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Disposition Reason:
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To: STATE
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